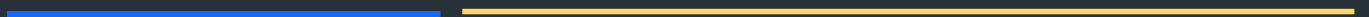




Gathid Ltd

Appendix 4D - Interim Financial Report

31 December 2023



Appendix 4D

Interim Financial Report (31 December 2023)

1. Company details

Name of entity:	Gathid Ltd (formerly RightCrowd Limited) and its controlled entities
ABN:	20 108 411 427
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

	31 December 2023 (\$'000s)	Change on Prior Period
Revenue from continuing operations	284	Increase of 289%
Loss for the half year from continuing operations	(755)	Increase of 82%
Profit for the half-year (continuing and discontinued operations)	6,951	Increase of 210%

Refer to the Review of Operations and Business Outlook included within the Directors' Report for commentary on the half-year's results, financial position, and likely developments in future years.

3. Net tangible assets

	31 December 2023	30 June 2023
Net tangible assets per ordinary security (cents)	3.71	1.64

The net tangible asset per ordinary security is calculated based on 263,417,905 ordinary shares on issue at 31 December 2023 and 263,191,816 shares that were on issue at 30 June 2023.

4. Entities over which control has been gained or lost during the period

The Company completed (on 21st September 2023) a transaction to sell its Workforce Management and Presence Control business streams to Bloom RC Holdings LLC. This transaction was by means of a Share Purchase Agreement to buy the shares of RightCrowd Software Pty Ltd and RightCrowd NV. As a result, the subsidiaries in the USA, Philippines and Belgium (RightCrowd Software Inc in both US and Philippines and RightCrowd Software Europe NV) were divested from the group.


5. Dividends

No dividends have been paid or declared in the current reporting period or since the end of the reporting period.

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

7. Signed

Signed 

Date: 19 April 2024

Peter Hill
CEO

Gathid Ltd (formerly RightCrowd Limited)
ABN 20 108 411 427
Interim Financial Report
(Half Year Ended 31 December 2023)

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Gathid Ltd (formerly RightCrowd Limited) is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at 1/ 5 Prosper Crescent, Burleigh Heads Queensland. Its shares are listed on the Australian Securities Exchange.

Releases, financial reports and other information are available on our website: www.gathid.com.

Directors report

The directors of Gathid Ltd (formerly RightCrowd Limited) (the “Company”) present their report consisting of Gathid Ltd (“the Company”) and the entities it controlled (“the Group”) at the end of, or during, the half year ended 31 December 2023 and the review report thereon.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

Name	Period of Directorship
Robert Baker	Since 2017
Craig Davies	Since 2019
Peter Hill	Since 2004

Principal Activities

Following the divestment of the physical security business to Bloom in September 2023 the principal activity of the business is the development of, and sales and marketing of the Gathid Software platform.

Review of Operations

The Group's profit for the half-year was \$6,951k (31 December 2022: loss of \$6,349k) which includes a gain on the sale of the RightCrowd Workforce Management and Presence Control business lines of \$9,339k (31 December 2022: \$nil). This gain on sale has been determined based on the sale price of the disposed business before the determination of the completion payment. The financial statements include the results of the divested businesses to the time of divestment which are shown as discontinued operations throughout these financial statements with specific additional disclosures shown in note 11.

The Group's results excluding the above gain is a net loss for the half year from continuing business of \$755k (31 December 2022: \$415k) which is an 82% increase on the net loss in the prior half year. This result reflects the start-up phase of the Gathid Software platform and normal costs associated with corporate compliance activities.

Since the divestment and up to 31 December 2023, the focus of management and the Board was to establish the Gathid business and to finalise the completion of the financial adjustments per the Share Purchasing Agreement (SPA). From an operational perspective the Group set-up its new business operations with staff in 3 countries, successfully signed a new customer and has substantially increased the sales opportunity pipeline.

Revenue

Revenue for the half year from continuing operations was \$284k (31 December 2022: \$73k) representing a 289% increase on the same half year in the prior year. The increase in revenue was due to 3 new customers since the prior comparative half year and the full half-year effect of contracts closed in earlier periods.

The Gathid Software business continues its concentration on an international go-to market campaign following the divestment of the RightCrowd physical security business lines. The second half of financial year 2024 will be focussed on adding further new customers following a pleasing period of lead and pipeline generation year to date with late-stage pipeline more than 2x at the same point last year.

Details of the revenue from continuing and discontinued operations are included in notes 4 and 11(b).

Other Income

The Group's other income from continuing and discontinued operations totalled \$891k (31 December 2022: \$1,669k) and includes accruals for the R&D rebate for Gathid Ltd as well as interest income. Other income in the prior comparative period included accrual for the R&D grant for the now divested physical security business.

Operating Expenses

The Group's cost base has substantially changed following the divestment of the physical security business lines. The Group retained a small core of essential staff to build on the market opportunity in the cyber-security and identity governance space. Staff costs are largest line item in the operating expenses of the business.

During this half year period the business has faced some one-off costs relating to the business sale transaction (totalling \$1,389k). Costs are being carefully managed as the Group grows its customer base.

Cashflows

The cashflow from continuing operations reflects the inflow of the initial consideration from the transaction to sell the physical security business lines and this has been offset by the settlement of the funding facility with Rocking Horse LLC and the costs incurred in closing the transaction. The initial consideration was \$13,500k. Repayment of the funding facility and transaction costs totalled approximately \$2,866k.

As the company continues to scale its operations for Gathid Software it expects to have a net cash outflow and forecasts cash at hand to be at least \$8,000k at the end of the 2024 financial year.

Financial Position

The cash position on the 31st of December 2023 was \$9,684k following the sale of the business lines, the repayment of funding liabilities, the payment of expenses associated with the business sale and meeting the operational requirements of the Gathid business.

Business Outlook

Gathid is on track achieve its first-year budget targets in terms of new Annual Recurring Revenue and cost base. The sales pipeline for the Gathid software platform has increased substantially since the divestment of the physical security business. Management continues to focus on new customer acquisition. Since 31 December 2023, 3 new customers have been secured and Annual Recurring Revenue has increased to over \$700k.

Status of Settlement of Sale Completion Adjustments.

As advised at the time of signing the SPA, the sale consideration is subject to a final adjustment to the sale amount ("Adjustment Amount") following the calculation of internal accounts at the date of completion.

Bloom has provided a completion statement which states that an Adjustment Amount of AU\$1,342k is owed by Gathid to Bloom.

The Group disputes the calculations in Bloom's Completion Statement on the basis that Bloom's calculations of net debt, net working capital and, subsequently, the Adjustment Amount do not correctly reflect the applicable accounting principles and various other provisions in the Sale Agreement. The Group considers that a correct calculation of the Adjustment Amount results in an amount owing to the Group of over AU\$2,000k.

This matter has been referred for expert determination in accordance with the SPA. The expert's determination shall be final and binding, and it is expected that this determination will be made late in the second half of the 2024 financial year.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed 

Date: 19 April 2024

Peter Hill
CEO

Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY C HENRY TO THE DIRECTORS OF GATHID LIMITED

As lead auditor for the review of Gathid Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gathid Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C Henry', is written over a light blue horizontal line.

C Henry
Director

BDO Audit Pty Ltd

Brisbane, 19 April 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2023

	Note	31 December 2023 (\$'000s)	31 December 2022 (\$'000s) Restated**
Revenue from contracts with customers	4	284	73
Other income	5	127	223
Cost of sales		(40)	(10)
Employee benefits expense		(600)	(682)
Finance costs		(60)	(1)
Other expenses	6	(466)	(18)
Loss before income tax from continuing operations		(755)	(415)
Income tax expense		-	-
Loss for the half year from continuing operations		(755)	(415)
Profit / (loss) after income tax from discontinued operations	11(b)	7,706	(5,934)
Profit / (loss) for the half year		6,951	(6,349)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of continuing operation		110	-
Exchange differences on translation of discontinued operation	11(b)	334	185
Total other comprehensive income for the half year, net of tax		444	185
Total comprehensive income / (loss) for the half year		7,395	(6,164)
Total comprehensive income / (loss) for the half-year attributable to owners of the Company arises from:			
Continuing operations		(645)	(415)
Discontinuing operations	11(b)	8,040	(5,749)
		7,395	(6,164)
Earnings per share (cents) from continuing operations attributable to owners of the Company			
Basic and diluted (loss) per share		(0.2)	(0.2)
Earnings per share (cents) from discontinued operations attributable to owners of the Company			
Basic and diluted earnings / (loss) per share		3.1	(2.2)
Earnings per share for profit / (loss) attributable to owners of the Company			
Basic and diluted earnings / (loss) per share		2.8	(2.4)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

** The prior year comparative has been represented for the divestment of subsidiaries which occurred during the half year. Refer to note 11 for further information.

Condensed consolidated statement of financial position

As at 31 December 2023

	Note	31 December 2023 (\$'000s)	30 June 2023 (\$'000s)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		9,683	192
Trade and other receivables	7	674	658
Other assets		309	47
Assets classified as held for sale	11 (d)	-	10,175
TOTAL CURRENT ASSETS		10,666	11,072
NON-CURRENT ASSETS			
Property, plant, and equipment		-	60
TOTAL NON-CURRENT ASSETS		-	60
TOTAL ASSETS		10,666	11,132
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		158	50
Borrowings	8	-	233
Contract liabilities		284	375
Liabilities relating to assets held for sale	11 (d)	49	7,306
Provisions		363	311
TOTAL CURRENT LIABILITIES		854	8,275
NON-CURRENT LIABILITIES			
Borrowings	8	-	74
Provisions		41	33
TOTAL NON-CURRENT LIABILITIES		41	107
TOTAL LIABILITIES		895	8,382
NET ASSETS		9,771	2,750
EQUITY			
Issued capital	10	56,133	56,133
Reserves		1,148	1,078
Accumulated losses		(47,510)	(54,461)
TOTAL EQUITY		9,771	2,750

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2023

	Note	Issued capital (\$'000s)	Accumulated losses (\$'000s)	Foreign currency translation reserve (\$'000s)	Share based payment reserve (\$'000s)	Total (\$'000s)
Balance at 30 June 2023		56,133	(54,461)	(663)	1,741	2,750
Comprehensive income for the half year:						
Profit for the half year		-	6,951	-	-	6,951
Other comprehensive income		-	-	444	-	444
Total comprehensive income for the half year		-	6,951	444	-	7,395
Transactions with owners in their capacity as owners:						
Share options and performance rights expensed / (credited) during the half year	9	-	-	-	(374)	(374)
Total transactions with owners of the Company		-	-	-	(374)	(374)
Balance at 31 December 2023		56,133	(47,510)	(219)	1,367	9,771

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2022

	Note	Issued capital (\$'000s)	Accumulated losses (\$'000s)	Foreign currency translation reserve (\$'000s)	Share based payment reserve (\$'000s)	Total (\$'000s)
Balance at 30 June 2022		56,133	(45,082)	(1,134)	1,237	11,154
Comprehensive income / (loss) for the half year:						
Loss for the half-year		-	(6,349)	-	-	(6,349)
Other comprehensive income		-	-	185	-	185
Total comprehensive income / (loss) for the half year		-	(6,349)	185	-	(6,164)
Transactions with owners in their capacity as owners:						
Share options and performance rights expensed during the half year	9	-	-	-	195	195
Total transactions with owners of the Company		-	-	-	195	195
Balance at 31 December 2022		56,133	(51,431)	(949)	1,432	5,185

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half year ended 31 December 2023

	Note	31 December 2023 (\$'000s)	31 December 2022 (\$'000s)
Cash flows from operating activities			
Receipts from customers		3,818	7,274
Payments to suppliers and employees		(6,204)	(10,667)
Transaction costs relating to the disposal of entities		(1,260)	-
Interest paid		(3)	(9)
Interest received		127	6
Grant income received		-	3,008
Income tax paid		(52)	(7)
Net cash used in operating activities		(3,574)	(395)
Cash flows from investing activities			
Proceeds from disposal of entities, net of cash divested	11 (c)	11,025	-
Proceeds from / (payments for) other assets		120	(20)
Net cash provided by / (used in) investing activities		11,145	(20)
Cash flows from financing activities			
Repayment of borrowings		(168)	(62)
Repayment of lease liabilities		(181)	(296)
Net cash used in financing activities		(349)	(358)
Net increase / (decrease) in cash and cash equivalents		7,222	(773)
Cash and cash equivalents at the beginning of the half-year		2,413	4,684
Effect of exchange rate changes on cash and cash equivalents		48	(18)
Cash and cash equivalents at the end of the half-year (includes assets held for sale at 31 December 2022)		9,683	3,893
Cash flows of discontinued operations	11 (b)	(2,325)	(197)

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

1. General information

The financial statements cover Gathid Ltd (formerly RightCrowd Limited) (the “Company”) and its controlled entities (“the Group”) as at and for the half year ended 31 December 2023. The Group’s interim financial report is in Australian Dollars, which is the Company’s functional and presentation currency.

Gathid Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1/ 5 Prosper Crescent
Burleigh Heads QLD 4220

A description of the nature of the Group’s operations and its principal activities are included in the directors’ report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 April 2024. The directors have the power to amend and reissue the financial statements.

2. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general-purpose financial statements for the interim half-year reporting period 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income, with detailed information in Note 11. Where necessary prior-year financial information has been re-stated to reflect the continuing operations of the business.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The application of these standards has not resulted in a material impact on the Group or its disclosures.

3. Use of judgements and estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

Except for the information disclosed in Note 13, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. Revenue from contracts with customers

Continuing Operations	31 December 2023 (\$'000s)	31 December 2022 (\$'000s) Restated
Subscription software and support and maintenance (recognised over time)	231	33
Software as a service (recognised over time)	15	37
Consulting (recognised at a point in time)	38	3
Total:	284	73

Disaggregation of revenue from contracts with customers

The Group's continuing and discontinued operations as well as main revenue streams are those described in the last annual financial statements. In the following table, revenue is disaggregated by service/product line and timing of revenue recognition. The table also includes a reconciliation between the disaggregated revenue with the Group's reportable segments.

	Gathid Software (Access Analytics)		Workforce Management		Presence Control		Total	
	<i>Continuing operations</i>		<i>Discontinued operations</i>		<i>Discontinued operations</i>		<i>((\$'000s))</i>	
	(\$'000s)		(\$'000s)		(\$'000s)		(\$'000s)	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
<i>Revenue by service line</i>								
Perpetual software (at a point in time)	-	-	32	19	-	-	32	19
Subscription software and support and maintenance (over time)	15	37	1,397	4,233	-	-	1,412	4,270
Consulting (at a point in time)	38	3	939	1,472	-	-	977	1,475
Software as a service (over time)	231	33	1,079	193	80	776	1,390	1,002
Presence control hardware (at a point in time)	-	-	1	-	2	132	3	132
Total	284	73	3,448	5,917	82	908	3,814	6,898
<i>Timing of recognition</i>								
Point in time recognition	38	3	972	1,491	2	132	1,012	1,626
Over time recognition	246	70	2,476	4,426	80	776	2,802	5,272
Total:	284	73	3,448	5,917	82	908	3,814	6,898

5. Other income

Continuing Operations	31 December 2023 (\$'000s)	31 December 2022 (\$'000s) Restated
Research and development grant	-	222
Foreign currency gain on transactions	-	1
Other income	127	-
Total:	127	223

The Group receives a research and development rebate from the Australian Taxation Office each year based on qualifying research and development expenditure incurred. The Group has not considered an estimate of the incentive to be received for costs incurred during the half year as the claim cannot be reliably measured at balance date.

The Group has a research and development incentive receivable of \$444k (30 June 2023: \$444k) which relates to submitted claims from the 2023 financial year.

6. Other expenses

Continuing Operations	31 December 2023 (\$'000s)	31 December 2022 (\$'000s) Restated
Rental outgoings	46	1
Travel expense	22	2
Professional and consulting	136	5
Advertising and marketing	81	4
Communication	8	-
Software licenses	60	2
Insurance	16	2
Other expenses	97	2
Total:	466	18

7. Trade and other receivables

	31 December 2023 (\$'000s)	30 June 2023 (\$'000s)
Trade receivables:		
Trade receivables arising from contracts with customers	-	214
Less: allowance for expected credit loss	-	-
	-	214
Other receivables:		
Research and development grant receivable	444	444
Other receivables	230	-
	674	444
Total:	674	658

The Group's trade receivables have reduced since 30 June 2023 due to the divestment of the Workforce Management and Presence Control businesses during the half year. The Gathid Software business is the commercialisation phase and did not have new or renewal customers with outstanding invoices at 31 December 2023.

The research and development grant receivable relates to submitted claims from the 2023 financial year.

8. Borrowings

	31 December 2023 (\$'000s)	30 June 2023 (\$'000s)
Borrowings (current)		
Insurance premium funding	-	7
Lease liabilities	-	59
R&D factoring	-	167
Total borrowings (current):	-	233
Borrowings (non-current)		
Lease liabilities	-	74
Total borrowings (non-current):	-	74
Total borrowings:	-	307

All borrowings were either fully repaid during the half year or fully discharged as part of the Share Purchase Agreement disclosed in note 11 to these accounts. The terms and conditions of the borrowings were consistent with the most recent annual financial statements for the year ended 30 June 2023.

9. Share based payment arrangements

The Group issued the three tranches of performance rights in prior periods which were accounted for as share-based payment transactions in accordance with AASB 2 *Share-based Payment*. The rights were valued using a Black Scholes valuation model, the key inputs and assumptions of which are set out below:

	Tranche A	Tranche B	Tranche C
Number of performance rights (originally granted)	1,716,774	4,029,806	8,153,982
Exercise price	-	-	-
Grant date	28/02/2020	28/02/2020	29/10/2021
Vesting date	30/09/2020	30/09/2021	30/09/2023
Expiry date	30/09/2030	30/09/2031	30/09/2023
Vesting period (years)	0.6	1.5	1.9
Volatility	68%	68%	69%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.12%	1.12%	0.99%
Fair value at grant date	\$309,019	\$685,067	\$1,241,027

The below is a reconciliation of the number of performance rights from 1 July 2023 to 31 December 2023:

	Tranche A	Tranche B	Tranche C
Opening balance at 1 July 2023	330,471	984,496	3,159,838
Not awarded or forfeited (b)	-	-	(2,468,458)
Exercised (c)	(26,207)	(148,702)	(51,180)
Closing balance at 31 December 2023 (a)	304,264	835,794	640,200

(a) All performance rights outstanding at 31 December 2023 are fully vested and may be exercised by the holder by the expiry date noted in the above table.

(b) The non-market based vesting conditions for 2,468,458 Tranche C rights were not met by the vesting date. As a result, the cumulative expense for these rights was reversed to the profit and loss to reflect the number of rights that ultimately vested.

(c) 26,207 Tranche A rights, 148,702 Tranche B rights and 51,180 Tranche C rights that vested in previous periods were exercised by the holders. This resulted in the issue of 226,089 new ordinary shares, as shown in 10 to these accounts.

The total share-based payment expense / (income) recognised in the employee benefits expense line of the condensed consolidated statement of profit or loss and other comprehensive income is:

Gathid Long Term Incentive Plan	Amount recognised in profit or loss	
	31 December 2023 (\$'000s)	31 December 2022 (\$'000s)
Tranche C	(374)	195
Total share-based payment expense	(374)	195

No other share-based payment arrangements were issued during the year.

10. Issued capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

There is no current on-market share buy-back.

The capital risk management policy remains unchanged from the most recent annual financial statements for the year ended 30 June 2023.

The following is a reconciliation of the movement in issued capital:

	31-Dec-23	31-Dec-23	31-Dec-22	31-Dec-22
	(# of Shares)	Value	(# of Shares)	Value
		\$'000		\$'000
Opening balance at 1 July	263,191,816	56,133	261,385,289	56,133
Exercise of performance rights	226,089	-	875,970	-
Closing balance at 31 December	263,417,905	56,133	262,261,259	56,133

The Group issued 226,089 (31 December 2022: 875,970) shares to eligible employees through exercise of vested performance rights issued from Tranche A, B, and C of the Gathid long term incentive plan.

11. Discontinued operations

(a) Description

On 30 June 2023, the Group entered into a Share Purchase Agreement ("the Agreement") with Bloom RC Holdings Inc ("Bloom"). Under the terms of the Agreement, the Group sold 100% of the RightCrowd, Workforce Access, Visitor Management and Presence Control businesses to Bloom for a purchase price of \$13,500k less actual debt, subject to increase / decrease for working capital adjustments. The sale was finalised on 21 September 2023.

The Group has retained the SaaS-based earlier-stage, Gathid Software (formerly Access Analytics) to focus on the rapidly growing, global Identity Governance and Cyber Security markets. Bloom and the Group are in dispute in respect of calculations for net debt, working capital and other items specific to the determination of the purchase price in the Agreement. An expert has been appointed in accordance with the terms of the Agreement to determine amounts due or payments in respect of those adjustments. This is expected to be finalised in the second half of FY24. See Note 13 for further details.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented is for the period ended 21 September 2023 and for the half year ended 31 December 2022.

Condensed consolidated statement of profit or loss and other comprehensive income information:

	21 September 2023 \$'000	31 December 2022 \$'000
Revenue	3,530	6,825
Other income	764	1,448
Expenses	(5,826)	(14,188)
Loss before income tax	(1,532)	(5,915)
Income tax expense	(101)	(19)
Profit after income tax of discontinued operation	(1,633)	(5,934)
Gain on sale of the subsidiary after income tax (see (c) below)	9,339	0
Profit / (loss) from discontinued operation	7,706	(5,934)
Exchange differences on translation of discontinued operations	334	185
Other comprehensive income / (loss) from discontinued operations	8,040	(5,749)

Included within expenses for the half year ended 31 December 2022 is \$3,690k of impairment charge which relates to the impairment of the goodwill in the Prescence Control business prior to the signing of the Share Purchase Agreement with Bloom. No impairment expense was recognised for the current half year.

Included within expenses for the half year ended 31 December 2023 is \$1,389k (31 December 2022: \$nil) of transactions costs relating to the Agreement. \$129k (30 June 2023: \$nil) of the transaction costs remaining payable at balance date.

Cash flow information:

	21 September 2023 \$'000	31 December 2022 \$'000
Net cash flow from operating activities	(966)	(106)
Net cash flow from investing activities	(1,253)	(18)
Net cash flow from financing activities	(154)	(55)
Effect of foreign exchange differences on cash and cash equivalents	48	(18)
Net increase / (decrease) in cash generated by discontinued operations	(2,325)	(197)

(c) Details of the sale of the subsidiary

Gain on sale after income tax:

	21 September 2023 \$'000
Cash received or receivable	13,500
Carrying amount of net assets sold	3,827
Gain on sale before income tax and reclassification of foreign currency translation reserve	9,673
Reclassification of foreign currency translation reserve	(334)
Income tax expense on gain	0
Gain on sale after income tax	9,339

Proceeds from disposal of entities, net of cash divested

	31 December 2023 \$'000
Cash receivable under the Agreement	13,500
<i>Contributed as follows:</i>	
- Settlement of borrowing on behalf of the Group (cash not received directly by the Group)	\$1,477
- Purchase price received as cash by the Group	\$12,023
	\$13,500
<i>Amount shown as investing activities:</i>	
- Purchase price received as cash by the Group	\$12,023
- Cash divested as part of the sale	(\$998)
Proceeds from disposal of entities, net of cash divested	\$11,025

Carrying value of assets and liabilities divested:

The carrying amounts of assets and liabilities as at the date of sale (21 September 2023) were:

	21 September 2023 \$'000
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	998
Trade and other receivables	5,068
Inventories	798
Other assets	301
TOTAL CURRENT ASSETS	7,165
NON-CURRENT ASSETS	
Property, plant and equipment	1,264
Other intangible assets	711
TOTAL NON-CURRENT ASSETS	1,975
TOTAL ASSETS	9,140
LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	(528)
Borrowings	(515)
Contract liabilities	(2,180)
Provisions	(1,472)
TOTAL CURRENT LIABILITIES	(4,695)
NON-CURRENT LIABILITIES	
Borrowings	(540)
Provisions	(78)
TOTAL NON-CURRENT LIABILITIES	(618)
TOTAL LIABILITIES	(5,313)
NET ASSETS	3,827

(d) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at balance date:

	31 December 2023 \$'000	30 June 2023 \$'000
Assets classified as held for sale		
Cash and cash equivalents	-	2,234
Trade and other receivables	-	4,750
Inventories	-	790
Short-term deposits	-	5
Other assets	-	286
Property, plant and equipment	-	1,342
Other intangible assets	-	768
Total assets of disposal group held for sale	-	10,175
Liabilities directly associated with assets classified as held for sale at 30 June 2023		
Trade and other payables	-	(739)
Borrowings	-	(2,371)
Contract liabilities	-	(2,684)
Tax liabilities	(49)	2
Provisions	-	(1,514)
Total liabilities related to disposal group	(49)	(7,306)

The Group is obliged to settle the tax liabilities of the divested subsidiaries amounting to \$49k.

(e) Intangible assets and goodwill

A. Reconciliation of carrying amounts

	Goodwill	Software and Wearable Technology	Total
	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2023	-	768	768
Foreign currency revaluation	-	-	-
Amortisation	-	(57)	(57)
Divested as part of transaction	-	(711)	(711)
Balance at 31 December 2023	-	-	-

B. Impairment testing

All intangible assets were sold during the half year, as such no impairment expense (31 December 2022: \$3,690k) was recognised during the half year.

(f) Property, plant and equipment

All property, plant and equipment was divested during the half year resulting in a reduction in the carrying amount by \$1,264k, which included \$60k of property, plant and equipment that was previously classified as continuing operations. The remaining movement of \$138k relates to depreciation expense.

(g) Revenue from contracts with customers

Discontinued Operations	31 December 2023	31 December 2022
	(\$'000s)	(\$'000s)
		Restated
Subscription software and support and maintenance (recognised over time)	1,397	4,233
Software as a service (recognised over time)	1,159	969
Perpetual software (recognised at a point in time)	32	19
Presence control hardware (recognised at a point in time)	3	132
Consulting (recognised at a point in time)	939	1,472
Total:	3,530	6,825

12. Operating segments

The nature of the Group's operating segments is described below:

- **Gathid Software / Access Analytics:** Development and delivery of analytics software for identifying user access compliance issues.
- **Workforce Management:** Development and delivery of Workforce and Visitor Management Solutions. (Discontinued operations)
- **Presence Control:** Development and delivery of Presence Control and Contact Tracing solutions. (Discontinued operations)

	Workforce Management		Presence Control		Gathid Software / Access Analytics		Total	
	<i>Discontinued operations</i>		<i>Discontinued operations</i>		<i>Continuing operations</i>			
	(\$'000s)		(\$'000s)		(\$'000s)			
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Revenue from contracts with customers	3,448	5,917	82	908	284	73	3,814	6,898
Other income	757	1,422	7	26	127	223	891	1,671
Cost of goods sold	(58)	(69)	(16)	(225)	(40)	(10)	(114)	(304)
Direct and allocated costs	(5,352)	(9,289)	(543)	(573)	(667)	(1,044)	(6,562)	(10,906)
Segment profit / (loss) before tax	(1,205)	(2,019)	(470)	136	(296)	(758)	(1,971)	(2,641)
Tax	(88)	(10)	(13)	(9)	-	-	(101)	(19)
Segment profit / (loss) after tax	(1,293)	(2,029)	(483)	127	(296)	(758)	(2,072)	(2,660)

Reconciliation of segment profit/(loss) after tax to Group profit/(loss) after tax:

Discontinued Operations	31 December 2023 (\$'000s)	31 December 2022 (\$'000s) Restated
Segment profit / (loss) after tax	(2,072)	(2,660)
Group profit / (loss) after tax	6,951	(6,349)
Unallocated profit / (loss)	9,023	(3,689)
<i>Relating to the following reconciling items:</i>		
- Impairment of goodwill in Presence Control business	-	(3,689)
- Gain on sale of subsidiary after tax	9,339	-
- Other unallocated items	(316)	-
Unallocated profit / (loss)	9,023	(3,689)

13. Commitments and contingencies

Sale of Physical security business lines

As disclosed in the FY 23 Annual Report, the Group sold the physical security business lines to Bloom, with the completion of the sale on 21 September 2023. The Group indicated in its announcement on 25 September 2023 that, pursuant to the terms of the Agreement between the Group and Bloom, there would be a final adjustment to the sale amount ("Adjustment Amount") following the calculation of internal accounts at the date of completion. Since that time, the Group has been working through the process with Bloom to assess and agree the Adjustment Amount in relation to the final consideration value for the sale.

Bloom has provided a completion statement which states that an Adjustment Amount of AU\$1,342k is owed by the Group to Bloom.

The Group disputes the calculations in Bloom's Completion Statement on the basis that Bloom's calculations of net debt, net working capital and, subsequently, the Adjustment Amount do not correctly reflect the applicable accounting principles and various other provisions in the Agreement. The Group considers that a correct calculation of the Adjustment Amount results in an amount owing to the Company of over AU\$2,000k. Negotiations between the parties have taken place but no agreement in respect of the Adjustment Amount has been reached. Therefore, in accordance with the provisions of the Sale Agreement, the dispute has been referred to an expert for determination. The expert's determination shall be final and binding, and it is expected that this determination will be made in the second half of FY24.

The Directors currently cannot ascertain with reasonable certainty the final outcome of the expert determination and have therefore not included any amount in the financial statements for the half year ended 31 December 2023.

Other commitments and contingencies

The Directors are not aware of any other commitments or contingencies relating to the group as at 31 December 2023 (30 June 2023: Nil).

14. Events after the reporting period

Except for the matter disclosed in Note 13, no matters or circumstances has arisen since 31 December 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

15. Related party transactions

The Group is party to a month-by-month, market-rate, property lease for its office at 5 Prosper Crescent, Burleigh Heads with The Prosper Trust, which is owned by Peter Hill, the CEO of Gathid Ltd. The Group incurred \$40,500 (31 December 2022: Nil) in respect of this lease during the half year.

Directors Declaration

In the directors' opinion:

(a) the condensed consolidated interim financial report and notes set out on pages 9 to 28, are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, for the half year period ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Signed Peter Hill

Date: 19 April 2024

Peter Hill
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gathid Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Gathid Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



C Henry

Director

Brisbane, 19 April 2024